

Risks of lawsuits against your business will continue to grow as many plaintiffs work with attorneys and judges to achieve in court what they've failed to get through legislative and regulatory changes. You need to be alert to the trends and make plans in case you're sued.

Latest example is a jury decision against 15 gun makers in Feb. favoring families of seven shooting victims. Firms were held liable for selling guns that made their way into states where they're illegal. Cities are also suing to be reimbursed for the cost of handgun injuries, hoping to copy states that reaped billions from the tobacco industry.

State attorneys general are taking on more high-profile cases, such as store, airline and drug pricing, phone-bill fraud, sweepstakes.

Trial lawyers have their sights on several industries to sue, including chemical companies for polluting rivers, lakes and oceans. Also want laws changed to sue managed-care groups over medical service.

Lots of other potential targets. Liquor stores for auto crashes. Restaurants for high cholesterol. Pharmaceutical makers for drug abuse. Cutlery companies for knife deaths. Automakers for traffic accidents.

Here are just a few examples of lawsuits hitting business hard:
A net maker paid \$50,000 to a slam-dunker who caught two teeth in a net.
A car company paid \$58 million to 75,000 who said air bags were unsafe.
Grocer paid \$2 million to clerk who hurt her back opening a pickle jar.
A man sued the milk industry, saying its cholesterol caused his stroke.

Y2K will be a windfall for lawyers. They're expecting legal fees to exceed asbestos, breast implants, Superfund and tobacco fees COMBINED. Suits will be not only against software and computer makers but any firm that misses a deadline or provides bad information or a flawed product.

Product liability troubles will grow, affecting retailers more. Sellers will have to notify buyers of defects or hazards even AFTER sale.

Warning labels won't be enough. Manufacturers are getting nailed if the product could be built more safely, even if a warning is attached.

Washington won't rein in lawsuits with liability reform laws. Clinton won't approve the kinds of sweeping changes business is seeking.

But a few states will move on tort reform...reducing liability of several companies for the same damages and limiting punitive awards. Texas and Fla. bills most likely to pass. N.Y., Pa., Minn. have a shot.

Here's what your business should do to protect against lawsuits:
Check closely for product defects. Have lawyers examine warning labels. If you're a retailer, be sure manufacturer's insurance policy covers you. Hire a lawyer to do a legal audit of your company for potential threats. Make sure your employee manual and policies discourage discrimination.

On Y2K, document everything you do to guard against the problem. Have contingency plans in place. Be sure you've checked your suppliers.

It all reflects a trend toward people taking less responsibility for their actions, claiming they are victims of businesses' negligence. Companies must be on their guard...they're sitting ducks for litigators.

Yours very truly,

Austin Kiplinger
THE KIPLINGER WASHINGTON EDITORS

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Settlement of the Microsoft antitrust case is still a long shot. Differences between the Justice Dep't and software company run too deep. Microsoft recognizes that its chances of winning in lower court are slim. That's why it's willing to negotiate. Justice Dep't is smelling victory.

The biggest question now is the penalty. Microsoft may be forced to sell its Windows code to competitors, making it a generic product. It will likely be kept from selling software at a discount to its allies.

An appeals panel will be more sympathetic to Microsoft arguments because many appellate judges are pro-business Reagan or Bush appointees.

The case is sure to reach the Supreme Court absent a settlement. That court, too, will hesitate to take harsh action against Microsoft.

Lots of reasons for stock turbulence besides worry over earnings. Growth of day traders and Internet transactions...people follow momentum. Buying as prices go up, then selling quickly. Mostly technology stocks.

Year-2000 computer snafu will add some volatility to the market. Brokerage firms are in good shape, so mechanics of trading should be OK. But many investors who get rattled will sell, causing some price drops. Focus on the long term, and be sure to keep records of all your holdings.

Hotel room rates will rise about 5% this year, below the 7%-8% of the past few years. New construction will help slow the increases. In major cities, increases will be a bit higher and rooms tougher to get on business days. Especially Wash., D.C. Detroit. S.F. NYC. Newark. Ft. Lauderdale, Fla. Riverside, Calif. Also Nassau/Suffolk, N.Y.

Bans on affirmative action will be on ballots in 2000 in Oregon, Arizona, Nebraska, Michigan and Florida. Also in Virginia's legislature. Calif. will soften its ban by extending university admission eligibility to the top 4% of each high school class...many with lots of minorities.

New therapy for macular degeneration, leading cause of blindness in older people, is in final clinical trials...FDA approval in late '99. Visudyne stops blood-vessel leaks without destroying healthy tissue.

Product and treatment are from QLT Photo Therapeutics and CIBA Vision.

Stroke treatments: Viprinex from Knoll reduces hemorrhage risk. Prolyse from Abbott Labs doubles the treatment window from 3 to 6 hours to give doctors more options for treating patient after a stroke begins. Both in late clinical trials...may be approved by FDA for use next year.

Weather outlook for April, May, June from Nat'l Weather Service: Milder than usual throughout the Southwest and the Intermountain West. Dry in Southwest and along Gulf Coast. Wetter than normal in the Midwest and in Wash., Ore. and northern Calif. Cooler than usual in Pacific NW and much of the Southeast. Conditions will be near normal elsewhere.

A boom in services for pet owners willing to pay for convenience: Aquarium care, including tank maintenance once or twice a month, \$40 up. Pet day-care center at \$5.50 a day for parrots, \$11.50 for Great Danes. And dog sitters who feed, water and walk the pet for \$12 per half hour.

If you're interested in selling by mail, help is now available from the post office...a Web site to assist small and midsize businesses with direct-mail campaigns. Find it at <http://www.uspsdirectmail.com>.

"How to Buy a Franchise" has advice on analyzing financial data, checking earnings claims, picking the right franchise, negotiating deals and lots more. \$13.95 at bookstores or call Pilot Books at 800-797-4568.